

**This is the most intelligent writing, most encouraging
movement and best work that I've seen regarding
independent film production maybe ever.**

-Ron Levaco

Producer/Director, Trans Film & Video

**Professor and Chair Emeritus, Cinema Department, San Francisco State,
about, "Small is Beautiful: Making Movies as if Filmmakers Mattered."**

Small is Beautiful

Making Movies as if Filmmakers Mattered

By

JP Kaneshida

**www.freewebs.com/sibmovies
sibmovies@gmail.com**

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One of the most fateful errors of our age is the belief that “the problem of production” has been solved. Not only is this belief firmly held by people remote from production and therefore professionally unacquainted with the facts—it is held by virtually all the experts, the captains of industry, the economic managers in the governments of the world, the academic and the not-so-academic economists, not to mention the economic journalists. They may disagree on many things but they all agree that the problem of production has been solved, that mankind has at last come of age....

...No doubt “the system” is in many ways bad and must be changed. One of the main reasons why it is bad and why it can still survive in spite of its badness is this erroneous view that the “problem of production” has been solved. As this error pervades all present-day systems there is at present not much to choose between them.

-E.F. Schumacher, *Small is Beautiful: Economics as if People Mattered*

Pay No Attention to the Man Behind the Curtain: The Illusion of Hollywood as the Only Path Toward Filmmaking

Schumacher’s economic analysis may just as well apply to the movie industry, so much so, that in literary homage I’ve copped his title and applied it to that end here, it is that apropos. Moreover, Schumacher’s “erroneous view” as applies to his economic theory of production is analogous to an almost universal acceptance of making movies as practiced by Hollywood, what here might be called, in a nod to Noel Burch, the zero point of film production.¹

Everyone in America who aspires to making movies for a career envisions working for a Hollywood studio.² Even the so-called independent movement is but a watered down version of the way Hollywood makes movies. That is, virtually all of the real power and control is concentrated in a very small percentage of hands from the beginning of the development process on through to financing, then marketing, and finally, distribution. Shiron Bell, my former business partner at Movie-Producer.net, has aptly described the zero point of film production as an oligarchy.

One of the aspects of the zero point system of film production is that it is a mobius strip of self-fulfillment. That is, since the means of production and distribution are so tightly held within a small group relative to those who desire to enter the system, an out of balance scenario is in effect: Because of the glamorous allure of the film industry, the demand to enter the system far outweighs the ability of the system to absorb all of the would-be entrants. The mal-effect of this out-of-balance system is that it projects the illusion of exclusivity, that the *only* way to make films is via Hollywood. After all, what else is there, and besides, why would *everyone* be trying to get in if it weren’t the only

game in town? But because the means of production are tightly controlled and held – via oligarchs – the system virtually guarantees that only those deemed worthy by the system will matriculate to making a movie (notice I didn't say, "A career making movies"). The two phenomena – the overwhelming demand and the oligarchy – feed each other symbiotically. To those on the outside of Hollywood, the effect is akin to being penniless and starving while stuck outside of a great restaurant whose aromas only make you salivate more and more.

Bigger is not Necessarily Better

With a handful of mega-corporations controlling the majority of all mass media,³ movie production has come to be controlled by the almighty economic imperative of fast monetary returns. Wall Street and shareholder value are now top priorities and bottom lines in any film considered for production. Outside of the rate of inflation, this helps explain why the cost of a typical Hollywood production continues to spiral upward: In order to maximize profitability, "stars," first and foremost, are sought to be attached to a project. But the cost of a zero point production truly goes astronomical once the marketing kicks in, often the greatest portion of a zero point production's budget. As star salaries have climbed, complete with profit participation, and marketing costs spiral ever higher, so have the budgets of Hollywood films. Add to this the spiraling costs of production – crews, equipment, licensing and permit fees... - and you have an economy that few on the outside of Hollywood can fathom, let alone matriculate into and find gainful employment in. And so, we arrive at yet another barrier to entry for Hollywood outsiders: The over-bloated zero point of production economy.⁴

But just because the zero point of production dazzles by its very largesse, that does not necessarily mean that it is the most effective means of production. \$100 million productions must still pass muster in the one true testing ground: the market. In reality, every time a studio gambles on a mega budget film by conglomerating enormous sums of cash, it is hedging its bet against and violating one of the basic, most fundamental of investment axioms: diversify your holdings. In other words, a studio is much better off spending the same amount of money on several smaller pictures – "spreading the risk," as is said. Needless to say, Hollywood, like clockwork, has its slate of summer blockbusters at the ready every year, akin to retailers who do the majority of their earnings during the winter holiday season. And this system, because of its self-fulfilling nature, will not change unless market forces – *outside* market forces – cause it to. It is the only way.⁵

Dreaming Big, Practicing Small

As we've seen, the reality for those outside of Hollywood is tantamount to a lottery. We've also seen how Hollywood has those on the outside under its

“exclusivity spell,” brainwashed as it were. Everyone runs around L.A. with a script trying to sell “the next big thing,” the next “high concept,” or just the next plain old generic “hit.” Everyone is convinced because of Hollywood’s largesse that big, or bigger, is better.

But the irony is that would-be filmmakers outside of Hollywood must think smaller and smarter. They must become Un-Hollywood in their attitudes and practice in order to ever entertain a realistic hope of entering into the rarified space of studio filmmaker. More on this later.

The truth of the matter is that when everyone unequivocally believes in the zero point of film production, the only ones who win are the oligarchs, and they don’t even win, at least not as much as they could by developing diverse markets. Here is the way the zero point system of production breaks down for all involved:

- **Filmmakers**, in trying to break into Hollywood, are faced with a bottleneck that is part and parcel of the zero point system that is tantamount to a lottery.
- **Investors**, even if they go the “independent” route, are still looking at large cash outlays. With a closed system like the zero point, there is very little competition, if any. Thus, there are no mid/micro-budgeted projects, and the opportunity to diversify one’s investments is impossible.
- **Studios**, in trying to put a good pr spin on things, invest cash into outreach and development programs which become yet another facet of the Hollywood lottery.⁶ This serves to prop up the oligarchs who can point to their programs and say that they are doing their parting in keeping Hollywood an open democracy. On the other side of the coin, the investments that the studios make in zero point productions require enormous sums of capital, particularly on the marketing side of the ledger, in order to insure that a movie will perform.
- **Distributors** lose in the zero point system of production because there is a lack of diversity. There is simply less product to choose from than an open system that allows and encourages a vast array of special interests and targets niche markets.
- **Consumers** fare perhaps worst of all. With only a small percentage of films in distribution compared to the number of aspiring filmmakers, choice is not maximized but instead is constrained and minimized.

The Real World

*I know my audience, and they're not people
that the studios know anything about.*

-Tyler Perry

Tyler Perry's words are platinum to independent filmmakers, who, instead of wasting their energy chasing Hollywood, should re-direct their strategies toward connecting with their audience. On its release, Perry's, "Diary of a Mad Black Woman" (2005), blew the competition out of the water to become number one at the box office over big studio fare for two straight weeks and millions in box office. Far from an overnight success, Perry is the holistic, entrepreneurial filmmaker poster child of the Next Wave par excellence.

How did he do it? He connected to his audience.

Perry's film was the latest expression of his plays that tap into his audience and have become an enormous success. Playing to the modern day "chitlin' circuit", his plays fly under Hollywood's radar for exactly the reasons we have been discussing; Hollywood's ignorance, reluctance and inability to address niche audiences.⁶

Gene Cajayon's, "The Debut" (2000), is another example of entrepreneurial success. He connected to his audience by taking his film out on a road show, touring the country in a manner similar to what musicians do. In the process, he built out his audience and generated revenue that could be used for living expenses or folded back into a subsequent production. Further, Cajayon's story about young Filipinos coming of age in America, is exemplary in terms of addressing a niche audience in terms of meeting their needs.⁷

Before she had a film deal for "My Big Fat Greek Wedding" (2002), Nia Vardalos rented out a small theater and ran a one-woman show that garnered her a following. Its Greek themes attracted Rita Wilson, who is part Greek, she subsequently brought in her husband, Tom Hanks, and the rest is history. Fortuitous, yes, but Vardalos' success is rooted in her being entrepreneurial and taking the relatively manageable, affordable, baby steps that allowed her to wrap her arms around her audience.

The lesson for filmmakers is not to waste precious energy chasing the Hollywood lottery and to think and practice entrepreneurially in order to connect to the one thing that the mega corporations can never take from the artist: the audience. For even if Rita Wilson had never attended, Vardalos could have performed market development with her audience; survey cards, mailing lists, discount coupons for friends, selling DVDs of her play... any number of options are available once the artist connects with her audience.

So, What do You *Really* Want to do with Your Life?

There is a stereotype in regards to L.A.: Typically, people, particularly young people, come to “Tinsletown” seeking entrance into show business. What happens in reality is that they end up waiting on tables and going to cattle calls or working on their screenplays in their spare moments. Unless one is independently wealthy or has connections into the business, it is an economically, and I would bet, emotionally perilous journey.

These filmmakers can break the cycle by instead focusing upon markets and interests that Hollywood is ignoring. In effect, these filmmakers will be putting their “masterpieces” in abeyance, but the trade off is well worth it. Now, instead of slaving at a dead-end job that has nothing to do with their aspirations, they can instead practice their craft and have a more realistic shot at making a living actually doing what they love. What this means is thinking smaller, niche markets. By concentrating on markets ignored by Hollywood, a would-be filmmaker is finding her audience – the key to success in any movie.

And it's here where Hollywood's zero point of film production truly steps out of synch with the market. Because of large budgets, zero point productions must go for broad categories, some for the lowest common denominator. Even in its so-called art-house fare – the “over 30, upwardly-mobile, over \$60K annual income demographic” - Hollywood's thinking is much too broad. Aside from its tunnel vision and because of its economies of scale, Hollywood could never produce the vast amount of product that would be necessary to address the hundreds if not thousands of specialized interests in the market.

This is the window of opportunity for would-be filmmakers.⁷ They will most likely not be working on their “dream project” or a big budget. But by concentrating on and serving niche markets, would-be filmmakers will accomplish two important goals:

- 1) They will be practicing their craft, and
- 2) They will generate revenue that, if they play their cards right, will enable them to break the cycle, or stereotype, of working a dead-end job just to survive while also trying to pursue making movies.

Accordingly, those who follow the “small is beautiful” (SIB) way will compose their business plans along the dictates of the market they are serving, not a “high concept.” That's better left to Hollywood's zero point method, which is where it belongs.

UN-Hollywood: A Community of Filmmakers

The last mal-effect of the zero point of film production I want to point out is what I will call the “Me Me Me Syndrome.” In the zero point of film production, would-be filmmakers are isolated from meeting those that are in the market that could genuinely help them. This is because of the inordinate amount of time one spends chasing the Hollywood lottery: Trying to find an agent, trying to get an agent to read your script, trying to raise money, trying to get into a good film school,⁸ entering script competitions, entering film festivals, pitch sessions... The entire setup is rigged so as to keep would-be filmmakers in isolation from one another, from discovering the power that lies in organized and focused groups. The end result is that the individual filmmaker becomes tunnel-visioned and can only see her project as it impacts her. Thus, everything is about “ME.”

But what if there was a system, a way, for filmmakers to meet – whether live or virtually, and to share, create synergies... to gain significant traction, delegate duties and actually help one another? Processes could be streamlined and clear paths toward success could be opened up, simply because of the potential that one person brings to a group.

What this also means here are the psychological effects of just such a system. Because it's one thing to be laboring day after day, chasing the Hollywood lottery in isolation. It's quite another to abandon that pipe dream and connect with a community of filmmakers who will actually help you get your movie made as well as marketed and distributed.

Synergy: The interaction of two or more agents or forces so that their combined effect is greater than the sum of their individual effects.

This path will most likely not include red carpet premieres in Westwood Village, or talking to reporters from mainstream media. What it means is that filmmakers will have a shot at not just making a movie, but carving out a career making movies. Better, filmmakers will connect to others who have the same interests at heart. In other words, the goal should not be to win the Hollywood lottery, but to beat the syndrome of working a dead-end job and then trying to pursue filmmaking on top of it.

The positive effect of the SIB approach is that *everyone wins in this scenario*: filmmakers, investors, studios, distributors, and consumers.

- **Independent filmmakers** - A marketplace of many independent voices is created, thus benefiting independents seeking to create their films. In addition, a true community of filmmakers is created from the ground up that serves to cost effectively streamline essential functions such as marketing and distribution. Once a group coalesces, other dynamics heretofore unavailable to individuals

open up, such as group buying power. That is true leverage in the marketplace that can be used for everything from renting equipment to buying insurance.

• **Investors** – Instead of a filmmaker approaching with only a “great script,” now investors will be able to see three crucial things via the professional sales packages created the small is beautiful way:

- 1) How their money will be spent (cash flow);
- 2) The channels/methods and costs that will be used in order to recoup their investment;
- 3) ROI (Return on Investment).

In addition, they will benefit from a wider diversity of investment opportunities in terms of scale and interest, enabling investors to minimize risk by diversifying their investments.

• **Studios** – With the small is beautiful system, studios benefit because filmmakers can matriculate to the zero point *without any cash investment on the part of the studios*. In effect, the SIB structure then becomes a sort of farm system, if you will. Beyond all of this, studios are relieved from having to play the pr outreach game, because with significantly lower barriers to entry, a true diversity of filmmakers will be engaged who are in the proving grounds. All the oligarchs have to do is sit back and track a particular film or filmmaker. The SIB model creates a truly independent marketplace of filmmakers that frees studios from having to absorb the overhead of creating and maintaining the infrastructure for developing in-house talent.⁹

• **Distributors** – With the creation of many independent voices, distributors will have a much more diverse marketplace from which to choose product. And with an open marketplace comes many more potential ways to make money.¹⁰

• **Consumers** – The SIB model creates an influx of more and diverse independent voices from which to choose.

The reality is that with an open system such as the small is beautiful way, many other jobs are created from it. For instance, the sheer volume and diversity of films creates the need for more reviewers and critics, and too, more *diverse* reviewers and critics. The SIB way also creates the need for more communication channels: TV shows, radio shows, websites, newsletters, and magazines, all with attendant staffs, focusing on micro and mid-cinema. New side industries in management and public relations for these next wave films are created for those specialists. It also creates an entire aftermarket of seminars and speakers who can talk about making movies in a manner best characterized as UN-Hollywood.

Conclusion: Size Does Matter

After all of the talking, the reality is it's not enough for someone to come along and proclaim a new way of doing things. Ultimately, would-be filmmakers will have to first stop wasting their precious energy by chasing the Hollywood lottery. They then must educate themselves up on the business aspects of filmmaking. Next, they must dehypnotize themselves from the Hollywood lottery by seeing through the zero point method of production. Then they must discover one of the many niche markets that Hollywood has left unattended, perform market research on a niche segment, and write their business plan accordingly. Last, they should engage the community of filmmakers like themselves in order to pursue synergies, increase efficiencies and gain greater traction during all phases of their film.

These filmmakers are the pioneers, the Next Wave, who will erect the new paradigm that will benefit everyone; even the very system they aspire to work in that for now doesn't know they exist.

About JP Kaneshida

JP is a former consultant with Had To Be Made Films (www.hadtobemade.com), writes and lectures on independent film and is developing his own film projects independently. He specializes in filmmakers outside of the Hollywood studio system that desire entrepreneurial knowledge on carving out viable careers making movies. JP is the former Vice President of marketing at Movie-Producer.net, whose founder, Shiron Bell, provided insights to JP's formulation of the "Small is Beautiful" concept as it applies to filmmaking. JP has provided seminars for Filmmakers Alliance (www.filmmakersalliance.com), and participated in panels at the Global Entertainment & Media Summit in New York and Los Angeles, the Filmmaker Program in Las Vegas that is produced by Had to be Made Films, and the Twyman Creative Conference at UCLA. He produces his own film projects and plans to work on a book that expands upon the Small is Beautiful approach, as well as a television show that highlights independent filmmakers produced in conjunction with EZTV (www.eztvmedia.com).

Contact JP at: 1511 Sawtelle Boulevard #353, LA, CA 90025-3206, sibmovies@gmail.com or at his site, www.freewebs.com/sibmovies.

ENDNOTES

¹ Noel Burch, film theorist and historian, coined the phrase “zero point” in terms of filmmaking to denote the straight-match-cut style of filmmaking that preserves the illusion of spatial and temporal reality. It connotes a “status quo” approach to filmmaking.

² In other countries, there is the dual dynamic of filmmakers aspiring to their native film industry while casting an eye to the lure of Hollywood.

³ Seven mega-corporations now control the vast majority of mass media worldwide: Film, music, television, radio, Internet, newspapers, books, and magazines. They are: AOL-Time Warner, Viacom, Walt Disney, NBC/Universal, Sony, News Corp, and Bertelsmann. Of note, the wireless industry is considered by many to be the next media pipeline, and is now exhibiting the same pattern of consolidation with the recent acquisition (as of February, 2004) of AT&T Wireless by Cingular Wireless, creating the largest wireless entity yet. Also noteworthy is the fact that as of midyear, 2004, Vivendi Universal became NBC/Universal and in reality a General Electric company. Thus, a mega-corporation was assimilated by another, larger entity. Readers are urged to seek out a copy of the PBS produced segment of “Frontline,” entitled, “The Merchants of Cool,” one of the best documentaries on marketing in the modern age that explains the relationship between mega-corporations, mass-media and consumers. For more, see:
www.pbs.org/wgbh/pages/frontline/shows/cool

⁴ There is an excellent article by Reed Martin, “The Price of Promotion,” in the fall, 2003 issue of Filmmaker Magazine. In it, the economics of marketing, promotion, and public relations are broken down as they apply to film. Highly recommended.

⁵ This is exactly the way it occurred most recently in the music business with hip hop and before that, punk and of course, “race music,” or more popularly, rock ‘n roll. Because of the relatively lower barriers to entry, musicians have always been able to (more) readily connect to their audiences. Filmmakers need to open their minds entrepreneurially and think creatively in order to connect to their audiences. Thus, one of the most salient examples to would-be filmmakers is the pioneering hip hop DJs -- who *knew* they had a market despite early industry rejection. Those DJs then went directly to the audience in the form of house/block parties and mixtapes and in the process conducted first class market development. Moreover, *in finding and connecting directly to their audience, the DJs exerted outside market pressure upon the music gatekeepers, the one surefire way for outsiders to make oligarchs take note, regardless of industry.*

Technology, in the form of DV on the front end and editing and burnable DVD on the back end, is now in place to enable filmmakers to more readily deliver their product to audiences. For the most part, what’s missing for filmmakers is a change in their thinking; from the beginning, filmmakers must consider who their audience is, and what methods and costs will be associated in marketing and distributing to their audience.

⁶ “[Tyler Perry has] been writing plays since he was 18. As of March 2005, his 8 plays have grossed over \$75 millions in tickets and DVD sales.

Before becoming a successful film-maker with 'Diary of a Mad Black Woman,' he is already the owner of a successful play company that tours the country and caters to African-Americans. His plays are also recorded and sold as DVDs.” [sic]

Source: www.imdb.com/name/nm1347153/bio

⁷ As further evidence of Cajayon’s and his cohorts’ entrepreneurial approach: “The writers/director of this movie had no help in promotion, so they promoted their movie by going to stores and hanging up posters, as well as distributing flyers. This film was never picked up by a major

distribution company. Instead, the producers organized a grass roots effort to self-distribute the film. Three years passed between initial principal photography to opening, and another three to have the film travel and screened across the United States. A total of six years before the film made it to DVD and home video.”

Source: <http://www.imdb.com/title/tt0163745/trivia>

⁸ One of the better known of these outreach programs is Fox's Searchlight, which receives “thousands upon thousands” of submissions to its training programs. To put Searchlight in perspective in regards to the Hollywood lottery, there are about 25 opportunities a year. It doesn't take a math genius to figure out that those are terrible odds, just for a training program.

⁹ To stimulate thought and encourage readers, one only has to spend some time looking at the thousands of virtual communities in Yahoo groups, each one centered on an interest. For more, see: <http://groups.yahoo.com>

¹⁰ Film schools pose a particularly special, and puzzling, piece of the Hollywood lottery, if only because they ostensibly represent the one place where outsiders should be able to obtain practical information on the business aspects of making movies. Tragically, film schools typically consist only of production, history and critical theory courses.

¹¹ This does not mean that studios should abandon developing talent; on the contrary, studios should indeed do what they can. However, as we have seen, the demand far exceeds the availability of opportunities. The small is beautiful model solves this problem by providing independent filmmakers a fighting chance to ultimately do what they want to do – make movies - without wasting energy and time playing the “studio outreach lottery.”

¹² A salient point that should not be lost upon those who seek to tap into the burgeoning ethnic minority markets. For example, the American Latino/Hispanic population is now the largest ethnic minority at over 35 million and helps explain the number one radio show in Los Angeles being a Spanish language program.